United Nations ST/IC/2008/27

Secretariat

28 May 2008

Information circular*

To: Staff members who are liable to pay income taxes to United States tax authorities on United Nations salaries and emoluments

From: The Controller

Subject: **United States 2008 economic stimulus payments**

1. Under the Economic Stimulus Act of 2008, passed on 13 February 2008, the United States Department of the Treasury will begin sending out economic stimulus payments and notices to eligible United States taxpayers beginning in May 2008. To receive a stimulus payment, an individual must have filed a 2007 tax return with the Internal Revenue Service, which shows at least $3,000 of earned income, Social Security benefits and/or certain veterans' payments.

2. Section 101 of the Act amends the Internal Revenue Code of 1986 by providing for the payment of "recovery rebates" to individuals as a credit "against the tax imposed by subtitle A for the first taxable year beginning in 2008". Subtitle A of the Internal Revenue Code relates to the imposition of income taxes. The credit will be for an amount equal to the lesser of the net income tax liability or $600 (or $1,200 in the case of a joint return). The credit will be reduced where the taxpayer's adjusted gross income exceeds $75,000 (or $150,000 in the case of a joint return). In addition, individuals eligible for payments may also receive an additional amount of $300 for each child qualifying for the child tax credit.

3. Staff members whose United Nations earnings are subject to United States income taxes who receive the notice and/or cheque for the economic stimulus payment from the United States Department of the Treasury (Internal Revenue Service) should take the following actions:

(a) Cash or deposit the cheque into their own bank account;

(b) Retain a copy of the notice and the cheque for their files and for submission together with their 2008 tax claim to the United Nations Income Tax Unit. Failure to submit such a statement may result in the full amount of the potential rebate being considered as having been received by the staff member.

* The present information circular shall remain in effect until further notice.

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4. As noted in paragraph 2 above, the recovery rebate is calculated by reference to the individual's income and is payable as a credit against income taxes. Since the Organization provides tax reimbursement to place United States taxpayers on an equal footing with other United Nations staff members who are not subject to United States income taxes, any reduction in or rebate of income taxes related to United Nations income affects tax reimbursements from the United Nations. On this basis, in cases where the rebate is attributable both to taxes reimbursed by the Organization and to taxes (excluding self-employment tax) paid by the staff member or his or her spouse on outside income, the rebate will be first applied towards the taxes paid by the staff member, with the balance of the rebate, if any, credited to the Organization. However, if the taxes paid by the staff member (other than self-employment tax) are entirely reimbursed by the Organization, the United Nations will be credited the entire amount of the recovery rebate.

5. Based on the submission made in accordance with the action outlined in paragraph 3 (b) above, the summary statement of reimbursement, which will be sent by the Income Tax Unit to each staff member to whom 2008 tax settlements are to be made by the United Nations, will indicate the amount of the rebate determined to be applied against the tax reimbursement payable by the United Nations and the balance, if any, which is to be retained by the staff member. The amount of rebate allocable to the United Nations reimbursement will be offset from the staff member's 2008 final tax reimbursement.

6. Staff members interested in getting more information on this subject are encouraged to visit the website of the Internal Revenue Service at http://www.irs.gov.